

Finance, Revenue and Bonding Committee

March 13, 2014

House Bill No. 5466: AAC the Department of Revenue Services' Procedures for
Background Checks for Job Applicants, Applicability of the Estate Tax and Taxation of
Motor Fuel in Gaseous Form

Testimony Submitted by:

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Senator Fonfara, Representative Widlitz, Senator Frantz, Representative Williams and members of the Finance, Revenue and Bonding Committee, my name is Brett Barry and I am the Director of Public Policy and Regulatory Advisor for Clean Energy Fuels with an office located in Concord, New Hampshire.

I present testimony today in strong **support** of a proposed bill before your Committee, House Bill No. 5466, entitled “An Act Concerning the Department of Revenue Services’ Procedures for Background Checks for Job Applicants, Applicability of the Estate Tax and Taxation of Motor Fuel in Gaseous Form.” Specifically, I offer my support for Section 3 of the proposed bill which is critical to the development of the natural gas vehicle market here in the State of Connecticut.

Clean Energy is the largest provider of natural gas fuel for transportation in North America, fueling over 35,000 vehicles each day at approximately 500 fueling stations throughout the United States and Canada. We serve a broad customer base in a variety of markets, including trucking, airport shuttles, taxis, refuse, and public transit, and our support for this provision of the bill is on behalf of the customers that we currently have here in the State and those that we believe will transition over to the use of Compressed Natural Gas (CNG) in the near future. Currently, there are eleven major users of CNG here in the State and this number has been steadily increasing over the years as the environmental benefits of CNG are recognized, the technology has advanced and the cost has decreased, especially in comparison to conventional fuels such as diesel or gasoline.

In order to simplify what this provision does, it provides for the taxation of CNG by the “gasoline gallon equivalent” as defined by the federal government. It is NOT a request for an exemption from any tax; it merely provides for the proper calculation of the tax to be imposed and requests that it mirror the federal government’s formula so that consistency can be maintained without repetitive action from this General Assembly.

A “gasoline gallon equivalent” is an amount of CNG which has the same energy content as a gallon of gasoline thus providing equality in taxation. As utilization of natural gas vehicles continues to grow across the country, it has come to the attention of stakeholders that Connecticut defines a gasoline gallon equivalent differently from the industry

accepted and federally-adopted standard. This is not necessarily a surprise given that use of CNG and other natural gases as fuels for cars and trucks is relatively new. Nevertheless, this has caused confusion and instability in the market and a correction is required.

This is the case in Connecticut. The current definition is unique to the State and does not represent a true "gasoline gallon equivalent." Section 3 of House Bill 5466 will correct Connecticut's definition thereby creating uniformity with the federal government and a growing majority of the states. In addition, such action is consistent with the General Assembly's recognition that reasonable steps should be taken in order to promote the use of these types of vehicles so that any impacts on the environment are positive rather than negative.

Thank you for the opportunity to provide this testimony to the Committee, and I encourage you to move forward with the proposed bill in front of you.